

Cap-and-trade would mean bigger bills for OPD ratepayers

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The Omaha Public Power District's customer-owners are faced with the prospect that federal legislation would undo much of the public power advantages they've enjoyed for more than six decades.

In a nutshell, the legislation in question — cap-and-trade — would produce dramatic increases in the cost of electricity for OPD customers with little benefit to our environment.

Cap-and-trade legislation is intended to decrease carbon dioxide emissions produced by fossil-fueled power generat-

ing plants. OPD supports the general concept of decreasing carbon and has always been committed to environmental responsibility. But the bill being considered in the U.S. House of Representatives — H.R. 2454, also known as the Waxman-Markey bill — is the wrong tool. Basically, this bill would set up a "cap-and-trade" system that would amount to a secondary tax to support non-energy-related needs.

Cap-and-trade would create a market, like the stock market, for the right to emit CO₂ and allow regulated industries, such as the electric power sector, to buy and sell the allowances. By setting a "cap" on the amount of allowances and lowering that cap each year, the bill would

force power producers to either cut their creation of these gases or buy the necessary allowances from others. Other players in this market would include hedge funds and international banks.

You should know that no commercially available equipment for carbon reduction or carbon control currently exists, nor is it likely for the foreseeable future. However, when and if it becomes available, OPD customers also would have to pay the cost of buying and operating this equipment, which would amount to hundreds of millions of dollars more.

And it wouldn't end there. Electric rates would escalate even higher because the Waxman-Markey bill also would require utilities like OPD to build

or buy a minimum percentage of its electricity from higher-cost renewable generation sources such as wind and solar power, even though we may not need the supply. This is known as the Renewable Energy Standard.

Other unfunded mandates in the bill would raise rates, including building public recharging stations for electric vehicles.

Our estimates show that cap-and-trade would add 25 percent to electric bills for OPD customers by 2012. That impact would skyrocket to 97 percent by 2030. This would translate into an annual increase in average residential consumer's bill of around \$250 in 2012 and up to about \$1,000 by 2030. That's for cap-and-trade alone and not adjusted for inflation.

This legislation also would eliminate jobs by increasing electricity bills and, if recent history teaches us anything, when energy prices increase, so do the prices of most other necessities, such as food and clothing.

Higher energy prices in this country would force energy-intensive industries to either move their operations to countries with lower energy costs, such as China and India, or be forced out of business entirely. China and India are the fastest-growing CO₂ emitters in the world and repeatedly state they have no intention to mandate reductions in CO₂. Their increased output of carbon dioxide would more than offset any sacrifices made in the United States.

Again, OPD is not opposed to reducing carbon in the atmosphere. But cap-and-trade, as designed in the Waxman-Markey Bill, would not be a solution to anything. It would simply be a hidden tax that would hurt the most vulnerable of our citizens, drive people out of work and out of their homes and drag down an already weak economy with no discernible effect on the environment.

Nebraska's political leaders in Washington, D.C., understand this and oppose the Waxman-Markey bill. They need our support.

This Midlands Voices essay reflects the views of the writers and not necessarily the editorial position of The World-Herald.